

Healthy & Robust Flood Insurance Program Critical to Sacramento, Nation Reform Takes Steps Toward L

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Reform Takes Steps Toward Long-Term Solvency and Stability

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“We need a healthy and robust national flood insurance program. Through this legislation we will take important steps to modernize the program and we will meet our responsibilities. We will ensure coverage is available to those at-risk, as well as educate those same individuals as to the benefits of flood insurance.”

Washington, DC – Congresswoman Doris O. Matsui (CA-5) urged support of critical reforms to the National Flood Insurance Program ensuring its long term solvency and stability. For Sacramento this means an increase in the maximum coverage limits, which will allow it to keep pace with inflation. Additionally, it will provide coverage for living expenses should they need to vacate their home as well as optional coverage for basements and business interruption coverage for commercial properties.

[Click here to view Congresswoman Matsui's floor statement on the Flood Bill](#)

“As the representative of a district in a flood plain, I understand the need for a healthy flood insurance program.

“My hometown of Sacramento is the most at-risk river city in the nation. Whenever I talk about our efforts to improve Sacramento's level of flood protection, I also mention the importance of flood insurance... If you live

behind a levee, you should have flood insurance.

“I also recognize that to accomplish this, we need a healthy and robust national flood insurance program. That is why the legislation we debate today, “the Flood Insurance Reform and Modernization Act” is so significant.

“Through this legislation we will meet our responsibilities. We will ensure coverage is available to those at-risk. And we will educate those same individuals as to the benefits of flood insurance. This bill takes us in that positive direction.

“In the aftermath of Hurricane Katrina, the deficiencies in the program were laid bare. What remained was a program \$25 billion in debt with a questionable future. It is imperative that we rebuild the federal flood insurance program.

“For many Americans, owning insurance to protect against a flood is more valuable than coverage in case of fire. That is because homes in a specially designated Special Flood Hazard Area are almost three times as likely to be destroyed by flood as by a fire. And this is the case for almost three-fourths of all homes in Sacramento. This is an important program that must be reformed to ensure its long-term stability and solvency.

“The bill we are considering today makes reasonable reforms. It will lay the foundation for a stronger and improved flood insurance program.

“And for that I would like to thank Chairman Michael Oxley, Chairman Richard Baker and Ranking Member Barney Frank for their work on this bill. As well as the minority staff for the Financial Services Committee, particularly Jeff Riley, for all of their tireless work.

“This bill takes important steps to modernize the flood insurance program. It raises maximum coverage limits to keep up with inflation. It provides new coverage for living expenses if you have to vacate your home. And it also provides optional coverage for basements and business interruption coverage for commercial properties.

“These are all positive steps that will allow the program to continue to provide peace of mind to those impacted when a flood event occurs.

“In moving forward, Congress is also making the flood insurance program sustainable in the long run. It tightens enforcement of purchase requirements and ends subsidies on vacation homes, second homes and businesses. These steps may not be popular, but the program needs this kind of tough medicine.

“Additionally, it directs FEMA to provide Congress with information that will allow us to evaluate whether we should modify the program’s mandatory purchase requirements. This is an issue that demands serious consideration and I know that we will hear further debate on it once this bill reaches conference.

“As I conclude, I would like to express my disappointment that an amendment I offered was not adopted. It would have created an educational and outreach grant program to ensure homeowners in high risk flood areas retain their flood insurance.

“This grant program works.

“Last year, the Sacramento Area Flood Control Agency, with a

FEMA grant, conducted just such a campaign. SAFCA reached out to more than 45,000 NFIP policyholders in the American River floodplain with impressive results.

“After a year, seventy-four percent maintained their flood insurance policies.

“Of this group, forty-three percent now carry preferred risk flood insurance. Preferred Risk Policies provide property owners who are protected by a levee or other flood mitigation method with full flood insurance at a reduced price. Because of their lower price, these preferred risk policies have a higher level of policy retention. To put this success in perspective, FEMA more than recouped its investment. SAFCA exceeded its target for policies retained more than 20 times over, adding millions to the flood insurance program’s bottom line.

“Extending these grants to other flood plains will only strengthen the National Flood Insurance Program. I will continue to move this program idea forward and I look forward to working with Chairman Oxley, Chairman Baker and Ranking Member Frank on this grant program.

“Ensuring the long-term stability and solvency of this nearly forty year-old program is critical. The Flood Insurance Reform and Modernization Act is an excellent step in the right direction. And as my grant program demonstrates, there is still more to do. Having said that, this is a good bill, a much needed start. I urge my colleagues to support the Rule, so that we can enact this important legislation.”

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